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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUEHGV/USMISSION GENEVA 0742
RUEHVEN/USMISSION USOSCE 2724
RUCNDT/USMISSION USUN NEW YORK 2108
RUEHNO/USMISSION USNATO BRUSSELS BE
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C O N F I D E N T I A L SECTION 01 OF 02 BISHKEK 001354

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SUBJECT: KYRGYZ REJECT PRESSURE ON UKRAINE WTO ACCESSION
TALKS

REF: BISHKEK 984

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Classified By: Ambassador Marie Yovanovitch for Reasons 1.4 (b) and (d)

¶1. (C) Summary: A Kyrgyz MFA official asked visiting SCA Senior Advisor Robert Deutsch November 8 to relay Bishkek's readiness for "constructive" talks with Kyiv over Ukraine's WTO accession to Washington, but argued against continued "politicization" and "third party political pressure" with respect to the Kyrgyz-Ukrainian discussions. MFA International Economic Cooperation Department chief Jeenbek Kulubayev expressed the Kyrgyz Republic's interest in seeing Ukraine join the WTO, and specifically delinked the bilateral WTO-related talks from an outstanding \$27 million Ukrainian debt to the Kyrgyz Republic. Kulubayev's remarks preceded a November 11 telephone conversation between the Kyrgyz and Ukrainian presidents and the visit of the Ukrainian finance minister to Bishkek addressing WTO issues. Discussions between Kyiv and Bishkek have not yet reached an impasse, and it appears both sides are targeting the first quarter of 2008 for the completion of their talks. End summary.

Kyrgyz MFA Official Relays Discontent with Kiev

¶2. (C) At the conclusion of a November 8 discussion of regional economic issues, Kyrgyz Ministry of Foreign Affairs International Economic Cooperation Department chief Jeenbek Kulubayev asked visiting SCA Senior Advisor for Regional Integration Robert Deutsch to relay the Kyrgyz stance on Ukraine's World Trade Organization (WTO) accession talks to Washington. Kulubayev stressed that the Kyrgyz Republic would be "happy" to see Ukraine join the WTO, but wanted "constructive" talks. He criticized the "politicization" of the bilateral discussions and counseled against "third parties getting involved in order to produce political

pressure" on Bishkek. Such a step, he argued, would be "erroneous" and would not be "constructive."

13. (C) Lamenting Kyiv's "unjustified" statements on the bilateral accession talks and attempts to utilize the media to "pressure us," Kulubayev said Bishkek's position is based solely on WTO-related issues, "and nothing else." He cited Ukrainian anti-dumping measures, which hamper the export of Kyrgyz light bulbs to Ukraine, as an example. Interestingly, Kulubayev delinked settlement of Ukraine's \$27 million debt to Kyrgyzstan from the WTO negotiations. "We insist," he noted, "that the debt has nothing to do with the WTO talks." Kulubayev then noted that future WTO-related negotiations could only take place in the presence of the WTO secretariat.

14. (C) Kulubayev concluded his remarks with two messages. For Washington, he said that Bishkek is willing to work constructively with Kyiv, but without "politicization." For Kyiv, he noted that the MFA had briefed ambassadors of WTO member states that the Kyrgyz Republic "is not creating obstacles, nor do we have a desire for a misunderstanding, nor do we want to undercut Ukraine."

Media Report Limited Progress

15. (U) On November 11, Ukrainian President Yushchenko and Kyrgyz President Bakiyev reportedly discussed the WTO issue by telephone, and a Ukrainian delegation led by Finance Minister Azarov and Foreign Minister Yatsenyuk arrived in Bishkek for talks with their Kyrgyz counterparts November 12.

While Kyrgyz media reported that Kyrgyz and Ukrainian MFA officials had signed a protocol on cooperation, separate articles revealed limited progress after seven hours of talks between the Kyrgyz and Ukrainian finance ministers in

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Bishkek. News accounts also repeated a Ukrainian proposal to cover the \$27 million debt with "technical assistance." Meanwhile, Kyrgyz media reprinted a November 12 Ukrainian newspaper article which reported that "Washington had suggested bypassing Bishkek's demands to Kyiv."

Comment

16. (C) The Kyrgyz are aware of their leverage over Kyiv on the WTO accession talks, and are probably hopeful that the Ukrainians will be more accommodating in meeting Kyrgyz demands (see reftel). Yet, Kulubayev's comments reflect Kyrgyz displeasure with Ukrainian media accounts and possible U.S. intervention. Before we engage more deeply in this issue, we should be certain that the Ukrainians have been sufficiently responsive to the Kyrgyz. This week's Ukrainian visit to Bishkek and the presidential discussion are positive steps, and signal that an impasse has not been reached; we will try to get a readout of the two discussions. Based on information emanating from the talks, both sides appear to be targeting the first quarter of 2008 for the completion of their WTO-related discussions.

YOVANOVITCH